

Message Text

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ORIGIN IO-13

INFO OCT-01 AF-10 ARA-06 EA-07 EUR-12 NEA-10 ISO-00
SIG-01 AID-05 CIAE-00 COME-00 EB-07 FRB-03 INR-07
NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 /128 R

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AID/PPC:MSCHUWEILER

EUR:DGOOTT

AF/I:LGSHURTLEFF

NEA/PAB:JPMULLIGAN

EA:LMCNUTT (INFO)

ARA/ECP:LPETERS

-----101330Z 113786 /45

P R 100109Z MAY 77

FM SECSTATE WASHDC

TO AMEMBASSY BONN PRIORITY

AMEMBASSY BRASILIA PRIORITY

AMEMBASSY FREETOWN PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY ISLAMABAD PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY ROME PRIORITY

USMISSION USUN NEW YORK PRIORITY

INFO AMEMBASSY BOGOTA

AMEMBASSY BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

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AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TUNIS

AMEMBASSY VIENNA
AMEMBASSY MOSCOW
USLO PEKING
AMEMBASSY WELLINGTON
USMISSION GENEVA
AMEMBASSY SOFIA
AMEMBASSY PRAGUE
AMEMBASSY BERLIN
AMEMBASSY WARSAW
AMEMBASSY BELGRADE

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E.O. 11652: N/A

TAGS: EAID, UNDP

SUBJECT: 24TH UNDP GOVERNING COUNCIL: NON-CONVERTIBLE
CURRENCY ISSUE

REF: (A) STATE 6774; (B) STATE 6775; (C) STATE 36310

1. SUMMARY: UNDP ADMINISTRATOR'S REPORT FOR 1976, JUST
RELEASED, INDICATES SOME, BUT NOT MUCH, PROGRESS ON ISSUE
OF ACCUMULATED NON-CONVERTIBLE CURRENCIES. WE CONTINUE
TO FEEL THAT OUR PROPOSALS FOR RESOLVING PROBLEM ARE
VIABLE, AND WE DESIRE CONSULTATIONS AND COORDINATION OF
POSITIONS WITH AS MANY GOVERNING COUNCIL MEMBERS AS
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POSSIBLE. ACTION ADDRESSEES ARE REQUESTED TO INITIATE
SUCH DISCUSSIONS WITH A VIEW TO ACHIEVING COMMON POSITION
BEFORE NEXT GOVERNING COUNCIL SESSION. END SUMMARY.

2. REF C. REPORTED STRONG GOVERNING COUNCIL (GC) DECISION
LAST JANUARY ON ISSUE OF ACCUMULATED NON-CONVERTIBLE
CURRENCIES. GC UNDERSTANDING WAS THAT SIGNIFICANT PROGRESS
IN RESOLVING THE PROBLEM AND USING UP THE ACCUMULATION
WOULD BE EVIDENT BEFORE 24TH GC SESSION (JUNE 13 - JULY 1
IN GENEVA).

3. UNDP ADMINISTRATOR'S REPORT FOR 1976, JUST RELEASED,
INDICATES THAT PROGRESS HAS BEEN MINIMAL. THE STEPS
TAKEN BY THE ADMINISTRATOR INCLUDE:

-- INVENTORY OF SERVICES/EQUIPMENT PROCURABLE, WITH
ADVANTAGE, IN EASTERN EUROPE;
-- MATCH NEEDS OF LDCS TO THIS INVENTORY;
-- PAYMENT SHARE OF EXPERT SALARIES, ETC., IN HOME

CURRENCIES;

-- INCREASED EASTERN EUROPEAN SUBCONTRACTING;
-- INCREASED USE OF THE CURRENCIES FOR TRAVEL AND PER
DIEM IN EASTERN EUROPE.

THE ADMINISTRATOR SAYS THE CURRENT CONTRIBUTIONS IN THE
ACCUMULATING CURRENCIES WILL BE USED, AS WELL
DOLLARS 1 MILLION OF THE EXISTING DOLLARS 37.9
MILLION ACCUMULATION.

4. ALTHOUGH THIS INDICATES THAT SOME PROGRESS HAS BEEN
ACHIEVED, WE BELIEVE ADDITIONAL PRESSURE MUST BE
EXERTED TO ADDRESS THE PROBLEM OF ACCUMULATION.
FURTHERMORE, WE BELIEVE THAT ADDITIONAL SAFEGUARDS ARE
NECESSARY TO ENSURE THAT THE UNDP NOT EXTEND PRIVILEGE
TO THESE COUNTRIES IN AN EFFORT TO UTILIZE THE
CURRENCIES, E.G., THROUGH NON-COMPETITIVE BIDDING, ETC.
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THE FOLLOWING ARE THE COUNTRIES MOST RESPONSIBLE FOR
THE ACCUMULATION OF NOT-READILY USABLE CURRENCIES:

-- BULGARIA DOLLARS 1.155 MILLION ---PRC DOLLARS
5.740 MILLION
-- CUBA DOLLARS 1.383 MILLION --- CZECHOSLOVAKIA DOLLARS
1.109 MILLION
-- GDR DOLLARS 2.212 MILLION -- NEW ZEALAND DOLLARS
2.100 MILLION
-- POLAND DOLLARS 2.997 MILLION -- USSR DOLLARS 17.103
MILLION
-- YUGOSLAVIA DOLLARS 1.629 MILLION.

5. IN AN EFFORT TO ADDRESS THE PROBLEM, THE US DEVELOPED
TWO PROPOSALS (REFS A AND B), BUT HELD THEM IN ABEYANCE
AT THE LAST GC SESSION BECAUSE PROMISING PROGRESS WAS
IMMINENT THROUGH JOINT ACTION WITH FRG, UK, NETHERLANDS
AND CANADA AND BRAZIL. WE ARE PREPARED TO INTRODUCE
OUR PROPOSALS AT NEXT GC, BUT WOULD BE WILLING TO
CONSIDER CONTINUING TO HOLD THEM IN ABEYANCE IF OTHER
GC MEMBERS CAN OFFER ALTERNATIVE, POSITIVE PROPOSALS
WHICH CAN BE INTRODUCED AT THE NEXT GC.

6. FOR BONN, BRASILIA, THE HAGUE, LONDON, OTTAWA:

DELEGATES FROM THESE COUNTRIES PLAYED MOST ACTIVE ROLE
IN LAST GC ON THIS ISSUE. EMBASSIES SHOULD APPROACH
HOST GOVERNMENTS, CONVEY IDEAS EXPRESSED ABOVE, AND
ELICIT IDEAS WHICH THEY PROPOSE. YOU MAY WISH TO
SUGGEST THE FORMATION OF AN INFORMAL WORKING GROUP IN
NEW YORK TO CONCERT OUR POSITIONS BEFORE NEXT GC.
YOU SHOULD ALSO INFORM THEM OF ACTION WE REQUEST FROM

USUN IN PARA 10 BELOW. IN ALL EVENTS, YOU SHOULD CLEARLY POINT OUT THAT EVEN THOUGH WE ARE PREPARED TO PUSH AHEAD WITH OUR PROPOSALS, WE WOULD CONSIDER CONTINUING TO HOLD THEM IN ABEYANCE IF ALTERNATIVE SOLUTIONS ARE PROPOSED.
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7. FOR PARIS AND ROME: ALTHOUGH INTERESTED IN RESOLVING THE PROBLEM, THESE DELEGATIONS DID NOT JOIN ACTIVELY IN THE INTENSIVE DRAFTING/NEGOTIATIONS ON THE ISSUE AT THE LAST GC. YOU SHOULD, HOWEVER, DISCUSS PARAS 1-5 ABOVE WITH HOST GOVERNMENTS AND DETERMINE WHETHER OR NOT THEY WISH TO CONCERT POSITIONS ALONG LINES PARA 6 ABOVE.

8. FOR FREETOWN: AS INDICATED IN REF C, SIERRA LEONE DELEGATION PLAYED CONSTRUCTIVE ROLE AT LAST GC: WE ALSO ARE PLEASED (PER FREETOWN 781) THAT KUYEMBEH PLANS MORE ACTIVE ROLE AT NEXT GC. ACCORDINGLY YOU SHOULD DISCUSS FOREGOING PARAS WITH HOST GOVERNMENT AND DETERMINE TO WHAT DEGREE SIERRA LEONE WISHES (A) TO COORDINATE POSITIONS WITH US AND OTHERS; AND (B) TO ASSUME LEADERSHIP ROLE IN LDC MOVEMENT TO APPLY PRESSURE TOWARD RESOLVING THE PROBLEM. YOU SHOULD TELL GOVERNMENT THAT WE MAY PURSUE OUR PROPOSALS IF THE NEED DICTATES, BUT ARE OPEN TO ALL SUGGESTED MEANS OF ADDRESSING THE PROBLEM.

9. FOR ISLAMABAD: UNLESS EMBASSY HAS OBJECTION, AND IN LIGHT OF PARA 13 REF C, YOU SHOULD CONSULT WITH HOST GOVERNMENT ALONG LINES OF ABOVE PARAS TO DETERMINE EXTENT OF PAKISTANI INTEREST IN COORDINATING POSITIONS ON THIS ISSUE.

10. FOR USUN NEW YORK: AS SUGGESTED BY MISSION (MOUSKY-KURTZER TELECON, 5/2/77), YOU SHOULD APPROACH UNDP SECRETARIAT AND INFORM THEM THAT WE ARE INTERESTED IN MORE INFORMATION REGARDING THE USES WHICH UNDP FOUND FOR THE NON-CONVERTIBLE CURRENCIES (AT YOUR DISCRETION,

YOU MAY ASK FOR SUCH INFORMATION IN ADVANCE OR TELL UNDP THAT WE PLAN TO REQUEST THE INFORMATION IN COMMITTEE
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AT THE GC). SUCH INFORMATION, IN CHART FORM SHOULD

INCLUDE, BUT NOT BE LIMITED TO:

-- AMOUNTS OF ACCUMULATED CURRENCIES USED TO PAY FOR
GOODS AND SERVICES RENDERED IN COUNTRIES CONTRIBUTING
IN THOSE CURRENCIES (AS IN PARA 14 OF 23RD GC DECISION);

-- AMOUNT OF ACCUMULATED CURRENCIES PAID TO FIELD
EXPERTS OF CONTRIBUTING COUNTRIES (PARA 15 OF GC
DECISION);

-- DISPOSITION OF ADMINISTRATOR'S REQUEST TO HEADQUARTERS
AND FIELD STAFFS TO RECEIVE PART OF SALARIES IN
ACCUMULATED CURRENCIES (PARA 16 OF GC DECISION);

-- AMOUNT OF MONEY (OVERALL) SPENT IN THOSE COUNTRIES
FOR PROGRAMS; AND HOW MUCH OF THIS MONEY WAS IN DOLLARS
AND IN LOCAL CURRENCY;

-- DETAILS ON MEANING AND IMPLICATIONS OF STEPS TAKEN
IN PARA 3 ABOVE.

11. PLEASE SEND ALL REPLIES INFO USUN NEW YORK AND
US MISSION GENEVA.

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Message Attributes

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